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Shipping Services for American Foreign Trade— The Present Situation

By WINTHROP L. MARVIN

Vice-President and General Manager, American Steamship Owners' Association

WITH a total of 16,324,024 gross tons of shipping, privately-owned and government-owned, the American merchant marine now stands a close second to the merchant shipping of the United Kingdom, which is only about 2,000,000 tons larger at the present time. This total of 16,324,024 tons includes our smaller coastwise vessels and the 2,595,062 tons of shipping on the Great Lakes engaged in port-to-port commerce. Considering only the seagoing vessels of upwards of 500 gross tons, the American merchant marine has an aggregate tonnage of 12,264,282, of which privately-owned tonnage represents 4,810,520 gross tons, and United States Shipping Board tonnage, 7,453,762 gross tons. This American fleet of seagoing vessels is somewhat more than twice as large as the entire German merchant shipping before the outbreak of the Great War.

Of all of our seagoing American merchant ships of upwards of 500 gross tonnage, 1,974,965 tons are enrolled for the coastwise trade and 10,289,317 tons are registered for foreign commerce. All of the recent notable increase in American merchant shipping has been in the amount of tonnage engaged in carrying overseas—the coastwise tonnage having remained almost unaltered. The 10,289,317 tons of seagoing vessels registered for foreign commerce at the end of 1920 show an impressive contrast with the 1,076,152 tons registered for foreign commerce on June 30, 1914. Our tonnage available for international traffic has increased tenfold in six years. In 1914 we were conveying only 9.7 per cent of our imports and exports in our own

vessels. In 1920 we conveyed 42.7 per cent.

It should be remarked, however, in this connection, that while 10,289,317 tons of our present shipping are registered for foreign trade, this aggregate includes upwards of 600,000 tons of emergency-built wooden steamers now withdrawn from traffic—and probably withdrawn permanently—as well as 1,262,000 tons of steel vessels of the Shipping Board laid up unemployed but likely to return to service. Our active merchant carriers, however, have not far from four times the capacity of the total merchant shipping of Norway, or of France, or of Japan, which rank next after the United States as commercial maritime powers in 1921.

The new war-built shipping, which makes up seven-tenths of our total seagoing shipping, is not an ideal fleet in type and character. If we had been deliberately constructing the merchant tonnage along our accustomed commercial lines, the ships, of course, would have been much more carefully designed. They would have been as a whole of superior speed and average size, and they would have had very many more passenger, mail and fast freight liners among them. But the American people have nothing to apologize for on this account. They were suddenly compelled to create a vast "emergency fleet," to hurry supplies to their anxious Allies in Europe and to send our own boys over to the fields of France. Therefore, waiving all calculations of commercial advantage, we constructed the ships that could be most quickly built and made

ready for service—the conventional “tramps” familiar to the ocean highways of the world.

There were belonging to the Shipping Board on June 30 last, 1,123 steel cargo steamers, 15 refrigerator steamers and 63 tank steamers, as contrasted with only 27 steel passenger steamers and 3 transports. Even including the considerable number of ocean passenger steamers owned by private companies, there is still a very marked deficiency of passenger tonnage in the American merchant marine.

DEVELOPMENT OF NEW CARGO STEAMSHIP SERVICES

What has chiefly distinguished the new merchant shipping era of the United States is the widespread development of new cargo steamship services—any similar extension of passenger, mail and express freight services was, of course, impossible. Under the auspices of the Shipping Board, American cargo steamers are now operating from this country to every important commercial country in the world. Before the war our equipment of overseas shipping under our own flag was exceedingly inadequate for its purposes. The half-century-old American Transatlantic Line was operating from New York to Great Britain and France. A few American steamers were on the Red Star route to Antwerp. These few ships, not more than a half dozen all told, represented the entire participation of the American flag in regular transatlantic carrying. Other American cargo craft made casual transatlantic voyages. There were no other regular American western ocean services beyond the activities already described.

Across the Pacific at the outbreak of the world war one American steamer, the *Great Northern Minnesota*, of 20,000 tonnage, largest in our mer-

chant marine, operated from Puget Sound to the Orient. Five American steamers of the famous old Pacific Mail Company were running via Honolulu to Japan and China. The Oceanic Line had three ships in service from San Francisco to New Zealand and Australia. This was the total of our Pacific liner transportation—and the *Minnesota* and the five Pacific Mail liners were withdrawn and sold in 1915 on the enactment of the La Follette Seamen’s Law.

A branch of the Pacific Mail Company sent small steamships coasting down from San Francisco to Mexico, Central America and the Isthmus of Panama, whence the Panama Railroad Company’s fleet, owned by the War Department, went northward in the Atlantic to New York. The New York and Cuba Mail Steamship Company (Ward Line), the United Fruit Company, the Munson Steamship Line, the Clyde Line and the Red “D” Line maintained services from North Atlantic and Gulf ports to the Caribbean region, where alone in all the world the American merchant flag was dominant. Our relatively few “tramp” steamers and large sail vessels made occasional voyages to South America; but, with the exceptions noted, American merchant shipping was confined to the coasts of the United States and to domestic commerce with Alaska, Porto Rico and Hawaii.

Now, because of the war and its requirements, this condition has quickly and completely changed. Private capital and enterprise have established new passenger and cargo services from our Atlantic coast to Hamburg and into the Mediterranean, and private capital and enterprise, in coöperation with the United States Shipping Board, are operating 202 established general cargo berths between the United States and the ports of various foreign coun-

tries. No fewer than 100 of these 202 general cargo berths are from ports of the North Atlantic, while 27 are from ports of the South Atlantic, 54 from the Gulf and 21 from ports of the Pacific. American cargo steamships are for the first time in regular operation out of the Gulf to European and other distant ports. These are some of the entirely new American-flag, regular, general cargo services:

New York to South and East Africa
New York to East Coast of Africa via
Red Sea
New York to India
New York to Dutch East Indies and
Straits Settlements
San Francisco to Dutch East Indies and
Straits Settlements
New York to Australasia
New York to Far East
Baltimore to Far East
Jacksonville to Far East
New Orleans to Far East
New Orleans to India
Pacific Coast ports to Far East
Pacific Coast ports to Australasia
San Francisco to East Coast of South
America
South Atlantic ports to East Coast of
South America
South Atlantic ports to West Indies
Philadelphia to Far East
Portland, Me., to Antwerp
Boston to Antwerp
Boston to Constantinople and Black Sea
ports
Boston to Copenhagen and Gothenburg

These services are being operated under authority of Section 7 of the Merchant Marine Act of June 5, 1920, which directs the Shipping Board

to investigate and determine as promptly as possible after the enactment of this Act, and from time to time thereafter, what steamship lines should be established and put in operation from ports of the United States, or any territory, district or possession thereof, to such world and domestic markets as in its judgment are desirable for the promotion, development, expansion

and maintenance of the foreign and coast-wise trade of the United States and an adequate postal service.

Two wholly new transatlantic passenger services have been created for the Shipping Board in the United States Mail Steamship Company, operating former German liners and newer ships to the United Kingdom, Bremen, Danzig and the Mediterranean, and the United American Lines, Inc. (the Harriman Company), from the North Atlantic to the port of Hamburg—the latter carrying only steerage passengers at the present time. The Shipping Board has also established a freight and passenger service from New York to the east coast of South America and from New York to South and East Africa. Of these the east coast South America line to Brazil and the River Plate, employing large former German passenger steamers, is of very great importance. The United States also possesses an admirable passenger, mail and fast freight service from New York through the Panama Canal to the west coast of South America in privately-owned ships of W. R. Grace and Company.

On the Pacific Ocean the Shipping Board has allocated to the Pacific Steamship Company and to the Pacific Mail Steamship Company newly-built passenger and cargo steamers, converted from army transports, for the essential routes from Puget Sound and San Francisco to the Orient and for an entirely new service from San Francisco to Manila and India. These new liners are of two classes—one of a length of 535 feet and a speed of 17 knots, with a capacity for upwards of 200 passengers, and the other, somewhat less in length and of a speed of 14 knots, with a capacity for about 80 passengers. Though not record-breakers in speed or size, these ships are approved by practical operators as of an excellent,

all-round type for liner service in the Pacific and to South America.

These transport liners number 26 all told. Several of them have been allocated to the Shipping Board service of the Munson Line from New York to Rio de Janeiro and Buenos Aires, and others to the New York and Cuba Mail Steamship Company for a service to the West Indies and Spain. Several of these new liners are now in operation in the service of the United States Mail Steamship Company between New York and Europe. All the ships of this liner class should be completed and commissioned within a year. They will go far to supply the urgent need of a regular mail, passenger and fast freight service—but they will have to be supplemented later on by even larger and faster ships, designed and built to private order. It will be several years at best before the regular passenger service of the United States to foreign ports is fully comparable with that of Great Britain, France, or Italy—or the German service as it was before the war.

In cargo ships, however, the Shipping Board construction has provided for American manufacturers and merchants a far more frequent and adequate equipment than our business men have ever had before. It was the general practice of the European steamship companies that monopolized our ocean carrying before 1914 to arrange that the cargo as well as the passenger service from American ports should be distinctly inferior to the services provided by these foreign companies for their own manufacturers and merchants. As a general rule, these European steamship managers placed their best and largest ships on their main export routes from their own ports in Europe. Though their scheduled freight rates were not always discriminatory against American com-

merce, their actual freight rates and their general methods were often exceedingly oppressive to American commerce. This truth, familiar to Americans engaged in world-round trade, was sufficiently demonstrated by the insistence of some of the greatest of our exporting companies—the United States Steel Corporation and the Standard Oil Company, for example—on possessing shipping of their own, which made them independent of restraint by the shipping of their competitors in Europe.

A glance at the announcements of overseas steamship companies in the pages of the commercial journals of New York—three whole pages of some issues are devoted to this purpose—shows how far flung are our present lines of American general cargo steamers.

Ships under the Stars and Stripes are announced as sailing for Havre and Rouen, for Bordeaux, Dunkirk and Rotterdam, for Lisbon, for Oporto, Vigo and Bilbao. One new steamship service runs to Ireland—to Dublin, Cork, Belfast, Limerick and Sligo. There are several lines under the American flag to liberated Danzig in the Baltic and several to Gothenburg, Malmo, Stockholm and Helsingfors—harbors in which the American flag had scarcely been seen in recent years. American cargo steamers steering into the Mediterranean touch at Naples, Genoa, Trieste, Venice, Piraeus and Constantinople, and going on into the Black Sea discharge and load at Constanza, Galatz and Batun. Our flag, borne now not by sail craft but by steamers, is visible on the west coast of Africa at Dakar, Freetown, Secondi, Monrovia and Fernando Po. In South America, Rio and the River Plate see not only the stately passenger liners of the Shipping Board but also rugged Yankee cargo craft. In

the Orient, Shanghai, Hong Kong and Manila, once familiar with our tall-sparr'd clipper ships, now welcome scores of steel freighters, and regular American steamship services for the first time are operating to Indian Ocean ports—to Bombay, Colombo, Madras, Rangoon and Calcutta.

While American cargo steamers during the first six months of the calendar year 1920 conveyed 22,724,217 tons of our imports and exports, foreign ships conveyed 15,273,967 tons. A large proportion of the valuable import cargoes of manufactured goods was carried in the swift passenger steamers of Great Britain, France and Italy—far more numerous than our own.

The principal ocean trades are controlled by conferences established under the auspices of the Shipping Board, in which privately-owned American vessels, Shipping Board vessels and the chief foreign companies whose ships are plying in the same trades are all represented. These conferences, which the Shipping Board carefully supervises, make an effort to stabilize freight rates at levels which, while protective of the interests of the shipping companies, will guarantee equitable rates to American exporters and importers. In the present depressed state of world commerce and in the face of existing scarcity of cargoes, it has been somewhat difficult to maintain all of these conferences in effective working order, but their influence on the whole has been a beneficial one. It should be understood that secret rebates and other questionable devices of previous steamship conferences are under the ban of the law.

It is the aim of the government to bring about a condition of shipping in which about 60 per cent in value of our imports and exports shall be conveyed in ships of American registry. At the

present time the American proportion of our overseas carrying is in value probably not more than 40 per cent. It is believed that the United States should rightfully have 50 per cent of the carrying trade between this country and the United Kingdom, and the same proportion of our carrying trade with France, Italy, Germany, Scandinavia and other countries possessing ocean shipping of their own—and that much more than 50 per cent should fairly be secured for American ships in the trade with countries like those of South America and the Asiatic mainland, for example, that have not developed their shipbuilding and navigation to any great extent.

In order to convey 60 per cent of our entire normal imports and exports in American vessels, the United States will require its entire present war-built and privately-owned merchant fleet (excepting, of course, the emergency wooden steamers), and a certain additional tonnage of passenger liner and cargo liner craft not yet constructed.

FOREIGN OPPOSITION TO AMERICAN MERCHANT MARINE

The influence of the new Merchant Marine Act of June 5, 1920—the Jones law—has not yet been completely tested. Some of its most important provisions have not been enforced. It is already manifest that in the development of our merchant marine we must count on strenuous foreign opposition. There is no doubt that American vessels are being discriminated against in many foreign ports in a spirit wholly contrary to the natural comity of nations. One of the new services established by the Shipping Board runs to the west coast of Africa.

When the pioneer cargo steamer of the first American line reached a certain West African port—it happened

to be a British colonial port—the master of the steamer found to his astonishment and wrath that a powerful British steamship company, dominating the commerce of that port, had placed its own steamers alongside the most convenient piers and had engaged all the lighters of the port, loaded them with stone and berthed them under all the remaining hoisting cranes, so that there was no place for the Yankee ship to discharge her cargo.

But the master of the vessel was a man of initiative and determination. First preparing his lifeboats so that he could land his cargo on the beach in an emergency, he went ashore and with the agent of the ship—a British subject—called on the British colonial governor and stated his case with such emphasis that presently this official informed the managers of the offending British steamship company that they must move their vessels and make way for the American to come in.

Another ship of this same American fleet went to the English port of Manchester to load for the West African coast. There, also, the ship met a very cold reception. Even the lighter-men of the port refused to handle a cargo, to go out under Yankee colors. Of course, in all American ports the lighterage services and all other services for many years have been as readily available to British as to American steamships—and, indeed, to ships of all registries and all flags on equal terms.

It has just been announced that an American steamship organization oper-

ating out of the port of Galveston, Texas, found itself compelled to charter steamers under the British flag to export raw cotton intended for the British spinners of Lancashire, who had insisted that the cotton be brought exclusively in British ships and insured exclusively in British insurance companies.

Mr. W. A. Harriman, the President of the American Ship and Commerce Corporation, declared in a recent public address that his American ships at the port of Alexandria, Egypt, had been unable to secure any cargoes of Egyptian cotton bound for the United States, because the sellers of the cotton had agreed with British steamship companies that the cotton should be conveyed to America only in British bottoms. Mr. Harriman added that an offer of substantially lower freight rates by the American ships failed to make any impression on those who had concluded this arrangement. This Egyptian cotton was intended for American mills, and every pound of it could have been transported in American vessels at a considerable saving of freight costs. But the patriotic combination of British cotton dealers and British steamship companies would not allow this to be done.

Such instances as these suggest that it is only by patience and determination that the new American merchant marine can win its place back on the high seas. British resolution to monopolize the greater part of our own country's carrying trade must be met by equivalent resolution in America.